

Message Text

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ACTION IO-10

INFO OCT-01 ISO-00 IOE-00 AF-06 ARA-06 EA-06 EUR-12 NEA-09

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TAGS: EINV, UN

SUB: UN COMMISSION ON TRANSNATIONAL CORPORATIONS

1. BRIEF OPENING SESSION OF COMMISSION HELD MORNING MARCH 17. AFTER SHORT STATEMENT BY UN UNDER SECRETARY-GENERAL VAN LAETHEM, THE INDIA REPRESENTATIVE, R.S. BHATT, CHAIRMAN, INDIA INVESTMENT CENTER, WAS ELECTED CHAIRMAN OF THE COMMISSION. AGENDA WAS ADOPTED AS PROPOSED.

2. R.H. WYNDHAM, A MEMBER OF THE AUSTRALIA PERMANENT MISSION TO THE UN WAS SELECTED TO BE THE WEO CANDIDATE FOR RAPPORTEUR OF THE COMMISSION. US DEL EFFORTS TO INTEREST GERMAN DELEGATE, EBERHARD GUNTHER, IN THE JOB WERE UNAVAILING. GREEK DELEGATE, ANGELOS ANGELOPOULOS, HAD PERMITTED HIS NAME TO BE PUT FORWARD BUT SUDDENLY WITHDREW IN FAVOR OF WYNDHAM.

3. IN SECOND MEETING TUESDAY MORNING, COMMISSION ELECTED VICE-PRESIDENTS ERGENEY MATEEV (BULGARIA), JUAN MANUEL FIGUERERO (ARGENTINA), AND LOUIS K. MWANGAGURUNGA (UGANDA) AND RAPPORTEUR WYNDHAM. US NOMINATED FIGUERERO AT HIS LIMITED OFFICIAL USE

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REQUEST.

4. BHATT THEN SUBMITTED FOR DISCUSSION PROPOSAL THAT COMMISSION BREAK UP INTO FOUR WORKING GROUPS DURING AFTERNOON MEETINGS TO DISCUSS FOUR MAJOR ISSUES BEFORE COMMISSION: (1) SECTORAL STUDIES (BANKING, INSURANCE, TOURISM, ETC.); (2) CASE STUDIES; (3) CODE OF CONDUCT FOR TNCs; AND (4) WORK OF THE INFORMATION AND RESEARCH CENTER. THIS PROPOSAL WAS RESISTED BY MOST DELEGATES AS PREMATURE, INCLUDING THE 77 WHO EVIDENTLY ARE NOT WELL PREPARED FOR MEETING.

5. WE ARE PLEASED WITH STANCE TAKEN SO FAR BY MOST WEO REPRESENTATIVES; EVEN AUSTRALIA AND CANADA HAVE BEEN CONSTRUCTIVE (CANADA NOTED DELICATELY, HOWEVER, THAT CODE OF CONDUCT SHOULD "AVOID ENCOURAGING THE EXTRATERRITORIAL APPLICATION OF LAWS.") AUSTRALIA NOTED THAT, IN AREAS SUCH AS RESTRICTIVE BUSINESS PRACTICES AND CONSUMER PROTECTION, LAWS SHOULD APPLY EQUALLY TO DOMESTIC AND FOREIGN CORPORATIONS. JAPAN HAS NOT YET SAID A WORD. SWEDEN, HOWEVER, CAME OUT WITH STRONG STATEMENT EMPHASIZING NEED FOR CODE OF CONDUCT APPLICABLE TO TNCs (ALTHOUGH ACKNOWLEDGING POSSIBILITY OF SOME GENERAL DISCUSSION OF PRINCIPLES FOR GOVERNMENTS TOO), AND TECHNICAL COOPERATION. SWEDEN ALSO OPPOSED VIEW OF MANY WEOS THAT INFORMATION CENTRE SHOULD BEGIN WITH REVIEW OF EXISTING DATA, ARGUING THAT AVAILABLE MATERIAL ON TNC ACTIVITIES IS INADEQUATE AND THAT CENTRE SHOULD SEEK TO COLLECT DETAILED AND RELEVANT INFORMATION DIRECTLY FROM TNCs AGGREGATING DATA ON CATEGORIES OF COMPANIES ON A WORLD-WIDE BASIS. SWEDEN GIVE EVERY INDICATION OF ACTIVELY SUPPORTING CERTAIN BASIC LDC OBJECTIVES.

6. PREDICTABLY, LDCs ARE BEING LED BY LATIN AMERICANS. TO QUOTE LANGUAGE USED BY FIGUERERO, THEY FEEL SECRETARIAT DOCUMENTS CONCENTRATE TOO HEAVILY ON "FACT-FINDING" AND "OPERATIONS," TOO LIGHTLY ON STANDARDS; PRIORITY SHOULD BE PRIMARILY ON CODE OF CONDUCT FOR TNCs, INFO-GATHERING SHOULD SUPPORT WORK IN THE OPERATIONAL AREAS. BRAZIL, HOWEVER, SUPPORTED STUDIES ON ECONOMIC ISSUES, PARTICULARLY RESTRICTIVE BUSINESS PRACTICES, INCLUDING EXPORT RESTRICTIONS, MARKET ALLOCATION, AND TRANSFER PRICING, BUT NOT ON TECHNOLOGY LIMITED OFFICIAL USE

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TRANSFER, AS THIS IS BEING STUDIED IN UNCTAD.

7. ON MODALITIES OF WORK, SWEDEN SUPPORTED 5-5-5 FORMULA FOR ADVISERS, STRESSING IMPORTANCE OF TRADE UNION CONTRIBUTION. CALLED FOR ACTIVE ROLE FOR ADVISERS; RIGHT TO HOLD SEPARATE MEETINGS FROM COMMISSION, COMMENT ON COMMISSION REPORTS TO ECOSOC; "DOES NOT EXCLUDE" POSSIBILITY OF PARTICIPATION IN COMMISSION MEETINGS. THESE COMMENTS FOLLOWED ARGENTINA EX-

PRESSION OF CONCERN THAT THE COMMISSION NOT BECOME THE PRISONER OF THE EXPERTS AND SUGGESTION THAT EXPERTS SHOULD BE SELECTED ON AD HOC BASIS AS NEEDED FOR DISCUSSION OF PARTICULAR SPECIALIZED TOPICS. FRG, AUSTRALIA, KUWAIT ALL SUPPORTED THIS ARGENTINA PROPOSAL. US INDICATED WE SEE MERIT IN THIS APPROACH.

8. THE DCS INCLUDING CANADA AND AUSTRALIA, APPEAR TO BE FAIRLY WELL UNITED ON THE NEED FOR A CAREFUL INFORMATION-GATHERING EFFORT, THE UK AND FRG MENTIONING A "CLEARINGHOUSE" FUNCTION FOR THE CENTRE.

9. IT IS APPARENT THAT THIS MEETING IS FLOUNDERING AND WILL HAVE DIFFICULTY COMING TO GRIPS WITH BASIC QUESTIONS. TOGETHER WITH UK AND FRG, WE HAVE COME TO VIEW THAT THIS SESSION COULD MOST USEFULLY FOCUS ON GUIDANCE TO CENTRE FOR ITS FIRST YEAR OF WORK AND THAT THE CENTRE'S INITIAL EFFORT SHOULD BE TO ASSIST COMMISSION IN FORMULATING DETAILED WORK PROGRAM AT ITS NEXT MEETING (PRESENTLY SPRING 1976). TO THIS END, WE WILL ENCOURAGE FORMATION OF TWO WORKING GROUPS TO DEAL WITH (1) GUIDANCE TO CENTRE, AND (2) MODALITIES OF WORK. IF THIS APPROACH SUCCEEDS, THERE WILL BE LITTLE TIME TO FOCUS ON CODE OF CONDUCT AND AGREEMENTS AND WE MAY BE ABLE TO BASE COMMISSION'S REPORT ON THESE MATTERS ON SECDOC E/C.10/2. THERE APPEARS TO BE WIDE SUPPORT AMONG WEOS FOR OUR IDEAS THAT CENTRE SHOULD BEGIN WITH ROUNDUP OF EXISTING INFORMATION AND PREPARATION OF SPECIFIC PROPOSALS FOR RESEARCH IN GENERAL AREAS INDICATED BY COMMISSION. HOWEVER, WE HAVE HEARD FEW IDEAS ON SUBSTANTIVE PRIORITIES TO BE INDICATED BY COMMISSION.

10. ACTION REQUESTED: WOULD APPRECIATE VIEWS OF DEPARTMENT ON (1) NEW SECRETARIAT PAPER E/C.10/2/ADD.1; (2) BRAZIL'S LIMITED OFFICIAL USE

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PROPOSAL FOR PRIORITY WORK ON ECONOMIC MATTERS BEGINNING WITH RESTRICTIVE BUSINESS PRACTICES; (3) ANY ADDITIONAL AREAS OF STUDY WHERE WE WOULD WELCOME CENTRE WORK. SCALI

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